

## Message Text

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ACTION IO-13

INFO OCT-01 AGRE-00 USIA-06 AID-05 EB-08 TRSE-00 COME-00  
ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02 CIAE-00 INR-07  
LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 CIEP-01 CEA-01  
AF-08 ARA-06 EA-07 EUR-12 NEA-10 /106 W  
-----171955 081170/43

R 171705Z FEB 77

FM AMEMBASSY ROME  
TO SECSTATE WASHDC 2845  
INFO AMEMBASSY LONDON  
USMISSION GENEVA  
USMISSION OECD PARIS

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FODAG

E.O. 11652: N/A  
TAGS: FAO, UNCTAD  
SUBJECT: FAO AND UNCTAD COOPERATION ON COMMODITY POLICY

1. CONVERSATIONS WITH FAO COMMODITY EXPERTS CONTINUE TO SHOW VERY CLOSE COOPERATION BETWEEN FAO AND UNCTAD OFFICIALS ON AGRICULTURAL COMMODITY QUESTIONS. LEEKS MET WITH CHIDZERO AT TOP LEVEL LAST WEEK AND VARIOUS COMMODITY SPECIALISTS SEEM TO BE GOING BACK AND FORTH BETWEEN ROME AND GENEVA ON REGULAR BASIS.

2. TWO THINGS STAND OUT FROM THE ABOVE DIALOGUE. FIRST, THERE IS, SO FAR, NO CONFLICT BETWEEN THE FAO AND UNCTAD. THE FAO SEEMS QUITE PREPARED TO SUPPLY ITS EXPERTISE FOR UNCTAD'S USE. SECOND, THE GROWING REALIZATION THAT THOUGH THE UNCTAD INTEGRATED COMMODITIES PROGRAM HAS STIRRED UP A LOT OF PAPER, IT HAS NOT ACCOMPLISHED MUCH ON THE AGRICULTURAL SIDE AND PROBABLY WILL NOT.

3. THE FAO'S INVOLVEMENT IN THE UNCTAD COMMODITY PROGRAM HAS  
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THUS FAR BEEN PRIMARILY LIMITED TO JUTE, HARD FIBERS, AND OILS AND FATS. IN ADDITION THE FAO IS WORKING ON TEA, BANANAS, AND MEAT. THE ABOVE UNCTAD CORE AGRICULTURAL COMMODITIES HAVE ONE THING IN COMMON, SO FAR THE PRODUCERS HAVE NOT BEEN ABLE TO AGREE ON A COMMODITY POLICY AMONG THEMSELVES. EVEN IN PROBABLY THE SIMPLEST COMMODITY CASE, JUTE, THE PRODUCER NATIONS CANNOT EVEN AGREE ON JUTE INTERNATIONAL AS A COMMODITY ORGANIZATION TO HELP THE

INDUSTRY. LEEKS SEES THE ONLY WAY TOWARD PROGRESS AS THROUGH INTERNATIONAL EFFORTS. HE ALSO SEES NO PROGRESS UNTIL PRODUCERS DECIDE WHAT THEY WANT AS IN RUBBER CASE. HE DOES NOT EXPECT FULL-GROWN COMMODITY AGREEMENTS, BUT DOES BELIEVE COMMODITY ORGANIZATIONS TO BE OF VALUE. HE CITED THE TWO-TIER TYPE OF AGREEMENT CONCERNING WHEAT AS A GOOD EXAMPLY OF WHAT REALISTICALLY MIGHT BE ARRIVED AT OUT OF THE UNCTAD COMMODITY TALKS IN AGRICULTURE.

4. THE COMMON FUND FOR COMMODITIES HE PUT OFF FOR A LONG TIME. IN THEORY MOST COUNTRIES ARE FOR IT, BUT IN PRACTICE THE OPEC COUNTRIES AND BIG PRODUCERS LIKE BRAZIL ARE PROBABLY AS CONCERNED ABOUT THE FUND AS THE U.S. IN LEEK'S VIEW THE COMPLEXITIES OF DRAFTING A COMMON FUND AGREEMENT WILL TAKE AT LEAST FIVE YEARS AND EVEN THEN AGREEMENT IS IN DOUBT. IT IS WITH THESE THOUGHTS IN MIND THAT LEEKS IS NOT WORRIED ABOUT THE FAO'S ROLE. HE CITED CHIDZERO OF UNCTAD AS IN BASIC AGREEMENT WITH HIM AND THAT, DUE TO THE DIFFICULTIES AHEAD FOR MOST OF THE AGRICULTURAL COMMODITIES, WORK ON MANY OF THESE SMALLER, HARDER AGRICULTURAL COMMODITIES WILL FALL BACK TO THE FAO AS THE UNCTAD INTEGRATED COMMODITY PROGRAM STALLS. BEGIN COMMENT: THESE COMMENTS MAY HAVE BEEN DSIGNED FOR EMBOFF'S EARS SINCE USG IS ON RECORD AS CRITICAL OF FAO'S FAILURES TO PLAY MORE PROMINENT ROLE IN UNCTAD COMMODITY PROGRAM. BUT IT ALSO IS CLEARLY MORE REALISTIC LINE TAKEN BY LEEKS AND IS ECHOED SEPARATELY BY FAO COMMODITY EXPERTS. IT ALSO SUGGESTS THE IMPORTANCE OF STICKING TO OUR LINE OF A COMMODITY BY COMMODITY APPROACH. SOME OF THE ABOVE AGRICULTURAL COMMODITIES, JUTE AND HARD FIVERS, ARE JUST NOT ECONOMICALLY SOUND DUE TO SYNTHETIC COMPETITION BUT ARE PRODUCED BY LEAST DEVELOPED COUNTRIES WHO DO NEED SOME ASSISTANCE IN SHIFTING TO LIMITED OFFICIAL USE

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OTHER CROPS. IT IS UNWISE TO MIX THIS TYPE OF SOCIAL RATIONALE FOR AN INTERNATIONAL AGREEMENT WITH A MORE ECONOMIC COMMODITY SUCH AS COCOA WHERE GREATER PRODUCTION IS NEEDED.BEAUDRY

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INTERAGENCY COOPERATION, POLICIES, COMMODITIES  
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**Subject:** FAO AND UNCTAD COOPERATION ON COMMODITY POLICY  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009